

SOUTHWEST ASIA

Afghanistan

I. Summary

General political and economic circumstances in Afghanistan have improved since January 2004, but the narcotics situation continues to worsen, despite positive steps taken by both the government and international donors. Dangerous security conditions make implementing counternarcotics (CN) programs difficult and present a substantial obstacle to both poppy eradication efforts by the national government and to international efforts to provide related assistance. As a result of the profound destruction and disruption of normal life brought about by more than 25 years of conflict, the lack of legitimate income streams, and the limited enforcement capacity of the national government, the area devoted to poppy cultivation in 2004 set a new record at 206,700 hectares, more than three-times the area devoted to poppy last year. Opium gum production of 4950 metric tons in Afghanistan dwarfed opium gum production in second-place Burma (292 metric tons) by a factor of almost 17 times. Burma's heroin production potential at 28 metric tons is a small fraction (4.8 percent) of Afghanistan's heroin production potential of 582 metric tons. Afghanistan's illicit opium/heroin production can be viewed, for all practical purposes, as the rough equivalent of world illicit heroin production, and it represents an enormous threat to world stability.

With an estimated 40 to 60 percent of its GDP attributed to narcotics (IMF), Afghanistan is on the verge of becoming a narcotics state. Despite the many obstacles, the Government of Afghanistan (GOA) has undertaken major institutional and policy changes that have directly benefited its counternarcotics objectives and have established a sound structural basis to attack the problem. President Hamid Karzai, following his election victory in October, has repeatedly spoken out against the drug trade and has issued decrees banning drug cultivation and trafficking. International counternarcotics (CN) activities, following the overthrow of the Taliban, remain under a multilateral mandate, with the United Kingdom in the lead on CN measures. The international community is continuing to work with the GOA to determine how best to attack Afghanistan's drug problem in a more aggressive manner, including more widespread eradication and efforts against heroin refiners and traffickers. In light of the growing threat the drug trade poses to Afghanistan and the world, the U.S. adopted an enhanced counternarcotics policy in 2004 and a comprehensive program consisting of public information campaigns, alternative livelihood projects, law enforcement development, including justice reform, and interdiction and eradication.

II. Status of Country

Afghanistan remains a significant location for the cultivation, refining, and transit of all forms of unrefined (opium), refined (heroin) and semi-refined (morphine base) opiates. Drugs have been a major factor in the Afghan economy since the Soviet invasion of 1979. Criminal financiers and narcotics traffickers in and outside of Afghanistan take advantage of the ongoing instability. The process of reconstruction that began in 2002 continues to accelerate and is laying the basis for successful counternarcotics programs in the future. Some Afghan opiates reach the United States, but Colombia and Mexico remain the U.S.' largest source for heroin.

III. Country Actions Against Drugs in 2004

Policy Initiatives. The U.S. and the international community, under the UK as lead nation on CN, and the country office of the UN Office on Drugs and Crime (UNODC), maintained an intense policy dialogue with President Karzai, the Afghanistan National Security Council, and various Afghan Ministries throughout the year on the subject of combating narcotics. Urged on by the international

community and recognizing the need for action on the counternarcotics front, the GOA has made significant structural, policy and institutional changes to combat narcotics cultivation, production, and trafficking in Afghanistan, including the following:

- A new Counternarcotics Ministry created in December 2004, replacing the Counternarcotics Directorate, to coordinate and oversee CN policies and other line ministries involved in aspects of counternarcotics policy. The CN Ministry will raise the profile of GOA CN activities and facilitate communication between CN policy makers and practitioners and the President.
- In November 2004, the position of Deputy Minister for Counternarcotics was created in the Ministry of Interior to oversee and coordinate CN enforcement activities.
- A Central Poppy Eradication Force was established in April 2004 to carry out centrally-directed, forced eradication across the country.
- In October 2004, the National Interdiction Unit, a special interdiction force trained by the U.S. Drug Enforcement Administration, was created under the existing Counternarcotics Police.
- The review and updating of the May 2003 National Drug Control Strategy is underway to better address the growing problem and reflect the higher priority the GOA places on CN activities.

The adoption of a new constitution in January 2004 and the presidential election in October 2004 further strengthened the government's authority. Establishment of a national government, legitimized through democratic elections, has created the necessary prerequisites for the series of difficult actions necessary to reverse the deteriorating situation on the narcotics front. Parliamentary and district elections, currently scheduled for spring 2005, will further legitimize the Afghan Government.

Law Enforcement Efforts. The most immediate concern of the GOA is to establish security and rule of law throughout the country. In the current difficult security environment significant drug enforcement work has not yet been possible, beyond a few limited areas. Efforts have been focused on planning and implementing near-term governmental reforms, which lay the groundwork for serious law enforcement actions against illicit cultivation and trafficking of narcotics in the near-term.

The GOA is reviewing a new basic drug law, the Anti-Narcotics Amendment. This revision of the country's basic narcotics law will bring it into compliance with international norms for counternarcotics laws and remove significant loopholes that constrain aggressive law enforcement and hinder the judicial process.

Over 33,000 Afghan National Police were trained in 2004 under an accelerated training program managed by the German government and supported by the U.S. Over the longer term, additional support to equip, mentor and train the border, highway and regular police force in the field will be required, as well as further institutional development of the Ministry of Interior MOI.

The MOI established a Counternarcotics Police department (CNP-A) in 2003 and has established, with help from the international community, three sections of the CNP-A: investigation, intelligence and interdiction. However, piece-meal training and limited funding have hampered development of these units. A new program to build a National Interdiction Unit (NIU) capable of undertaking low and mid-level targeted interdiction operations across the country, under the tutelage of the U.S. Drug Enforcement Administration, is underway. Eventually, this force will be integrated with the CNP-A's other units to build a unified force with regional headquarters around the country.

The same limitations that adversely affect interdiction of narcotics and enforcement of the ban on narcotics cultivation and trafficking hamper the interdiction of precursor substances and processing

equipment. The GOA has a sophisticated understanding of this issue, but action in this regard is dependent upon establishment of the necessary specialized police, and licensing arrangements. There are currently no registries or legal requirements for tracking, storing or owning precursor substances.

The U.S. is also providing support for justice reform and training in judicial and prosecutorial enforcement of counternarcotics laws. Aware that general justice reform is a long-term process, the U.S., UK and other donors established the “Counternarcotics Vertical Prosecution Task Force” in late 2004 to move expeditiously against narcotics criminals. The program, to be carried out under the auspices of the UNODC, includes initial training of a select group of judges, prosecutors, and police in specific counternarcotics issues; refurbishment of a secure prison facility; and establishment of a secure court to hold and try major drug offenders. The U.S. plans to assign experienced Federal prosecutors to the Task Force to assist their Afghani counterparts in building and trying cases.

Corruption. In general, most officials at the national level are believed to be free of direct criminal connection to the drug trade. At the provincial and district levels, however, drug-related corruption is pervasive. Involvement ranges from direct participation in the criminal enterprise, to benefiting financially from taxation or other revenue streams generated by the drug trade. The national government has officially condemned the illicit drug trade, but does not have sufficient power throughout the national territory to suppress it.

Agreements and Treaties. Afghanistan is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances and the 1988 UN Drug Convention. The GOA has no extradition or legal assistance arrangements with the U.S. Afghanistan is not a party to any treaties providing for mutual legal assistance between itself and any of its neighbors, the U.S., or any other major CN nation. Afghanistan is a party to the UN Convention against Transnational Organized Crime and a signatory to the UN Convention Against Corruption.

Illicit Cultivation/Production. Afghanistan contains the largest area of illicit opium poppy cultivation in the world. Poppy is grown commercially in all of its 34 provinces. In 2004, Afghanistan had an unprecedented 206,700 hectares of land planted to poppy. Opium production was an estimated 4950 metric tons. If all of Afghanistan’s opium production were refined into heroin, an estimated 582 metric tons of heroin could have been produced. None of these figures has any precedent. For example, the largest prior production of opium in Afghanistan was 3108 metric tons of opium in 2000; 2004’s production of opium exceeded this level by almost 60 percent. The largest area ever dedicated to growing opium was 165,800 hectares in Burma in 1993; the land devoted to poppy in Afghanistan last year exceeded Burma’s ‘93 cultivation by almost 25 percent. Only pitiful yields for South Asia of 24 kilograms of opium gum per hectare, caused by disease and drought, saved the world from even larger opium gum production in Afghanistan. If yields in 2004 had matched the yields achieved in 2003, Afghanistan would have produced 9715 metric tons of opium, with a potential yield of heroin in excess of 1000 metric tons.

With limited national enforcement reach, the GOA has not been able to enforce its decree banning opium production. The Central Poppy Eradication Force and provincial forces have undertaken only marginal crop destruction in a few locations. This eradication has had no material effect on the quantity of opium gum produced in Afghanistan. The aftermath of a quarter-century of warfare, multiple changes of government, and an embedded tradition of poppy cultivation has made it very difficult to implement eradication plans. Even a centrally-trained and directed Afghan force faces significant opposition by local people involved in the trade. The lack of sustainable alternative sources of income compounds the difficulty of reducing the opium poppy crop. Because so much of the rural economy is dependent on the opium trade, a major forced eradication campaign, without the provision of viable alternatives, could destroy the already fragile Afghan economy. Rebuilding the agricultural sector and rural economy is fundamental to reducing opium poppy cultivation in Afghanistan.

Drug Flow/Transit. Drug cultivation in Afghanistan is facilitated by both domestic and foreign individuals who lend money and/or provide agricultural inputs to Afghan farmers. These individuals then buy their crop at previously set prices, or accept repayment of loans “in kind”, i.e., with deliveries of raw opium. In many provinces there also are opium markets, under effective protection of regional strongmen, where opium is traded freely to the highest bidder and is subject to taxation by those strongmen. An increasingly large portion of Afghanistan’s raw opium crop is processed into heroin and morphine base by drug labs inside Afghanistan, reducing its bulk by a factor of 10 to 1, and thereby facilitating its movement to markets in Europe, Asia and the Middle East through Iran, Pakistan, and Central Asia. In the South, Southeast and Northeast border regions, Pakistani nationals play a very prominent role in all aspects of the drug trade. Distribution networks are frequently organized along regional and ethnic lines (i.e., Baloch tribesmen on both sides of Afghanistan’s borders with Iran and Pakistan, and the Tajiks in northern Badakhshan Province). Other organized criminal groups are also believed to be involved in transportation onwards to Turkey, Russia and the rest of Europe.

Demand Reduction/Domestic Programs. The GOA recognizes that it has a domestic drug use problem, particularly with opium. Its National Strategy includes demand reduction and rehabilitation programs for existing and potential drug abusers. However, in the context of the overall shortage of general medical services, very limited GOA resources are being directed to these programs. The UK, Germany, and the U.S., to a lesser degree, have funded specific demand reduction and rehabilitation programs. The GOA (collectively, the MOI, the President’s executive office, the National Security Council) has established public outreach campaigns to discourage drug abuse.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The United Kingdom was designated as international lead country on CN activities in Afghanistan in 2002. In 2004, as the drug problem continued to grow out of control and evidence mounted that drug proceeds were supporting Taliban remnants and terrorist groups, the U.S. expanded its CN programs. CN is now one of the U.S.’s top priorities, as solving the narcotics problem is critical to achieving overall success in Afghanistan. The U.S., in coordination with the GOA and the UK, has crafted a comprehensive and integrated program and will provide substantial resources to achieve the following aims:

- Encourage popular support for the government’s CN programs through a broad public affairs campaign.
- Build sustainable alternative sources of income to poppy in rural areas.
- Build capacity to arrest, prosecute and incarcerate drug offenders.
- Destroy drug labs and stockpiles.
- Dismantle the drug trafficking/refining networks.
- Enforce the poppy ban through eradication.

The Road Ahead. The key elements affecting CN activities in Afghanistan are limited security and stability. Poppy cultivation is likely to continue until responsible governmental authority is established throughout the country and until rural poverty levels can be reduced via provision of alternative livelihoods and increased rural incomes. Sustained assistance to poppy-growing areas, diversification of crops, improved market access, and development of off-farm employment, combined with law enforcement, drug education, and eradication programs are expected to reduce the amount of opium produced in Afghanistan over time. However, drug processing and trafficking can be expected to continue until security is established and drug law enforcement capabilities can be increased. Political

stability and assistance by the donor community over many years will be required to help the Afghan government succeed.

Bangladesh

I. Summary

Because of its geographic location in the midst of major drug producing and exporting countries, Bangladesh is used by trafficking organizations as a transit point. Seizures of heroin, phensidyl (a codeine-based, highly addictive cough syrup produced in India), and pathedine (an injectable opiate with medical application as an anesthesia) point to growing narcotics abuse in Bangladesh. Phensidyl is popular because of its low price and widespread availability. While unconfirmed reports circulate of opium and cannabis cultivation along the border with Burma and cannabis cultivation in the southern delta region, there is no evidence that Bangladesh is a significant producer or exporter of narcotics. The Bangladesh government (BDG) officials charged with controlling and preventing illegal substance trafficking lack training, equipment, continuity of leadership, and other resources to detect and interdict the flow of drugs. Moreover, there is minimal coordination among these agencies. Corruption at all levels of government, and in particular law enforcement, hampers the country's drug interdiction efforts. Bangladesh is a party to the 1988 UN Drug Convention.

II. Status of Country

There are unsubstantiated allegations of opium and cannabis production in the Bandarban District along the Burmese border and cannabis production in the southern silt-island ("char") region. The country's porous borders make Bangladesh an attractive transfer point for drugs transiting the region.

III. Country Actions Against Drugs in 2004

Policy Initiatives. The Department of Narcotics Control's (DNC) counternarcotics policy initiatives and program activities are seriously hampered by the ineffectiveness of the National Narcotics Control Board (NNCB), the highest governmental body, to fulfill the objectives of the Narcotics Control Act (NCA). Article 5 of the NCA directs the Board to formulate policies and monitor the production, supply, and use of illegal drugs in Bangladesh. The 19-member NNCB, made of up of 12 ministers, six elected members, and the DNC Director General, is charged to meet quarterly, but no meetings have been held since a single meeting was conducted in 2003. There is no master plan for combating drug trafficking and abuse in Bangladesh.

The BDG and USG signed a Letter of Agreement (LOA) in September 2002 to provide equipment and forensic technical assistance to the DNC and its central chemical laboratory. The LOA also provided for training, via the U.S. DOJ, to law enforcement personnel involved in counternarcotics activities. An amendment to the LOA for an increase in funds for training and equipment was signed in 2004. The forensic training project has begun and is projected to last several years, with the trainer making visits every three to four months. The law enforcement training program is also underway, with an established work plan, budget, and deliverables.

Accomplishments. The Department of Narcotics Control is the BDG agency most responsible for counternarcotics efforts in Bangladesh. It is housed within the Ministry of Home Affairs and is currently under the leadership of its third Director General since 2002, who has been in office for just over a year. The organization is chronically under-funded, understaffed, under-trained, and suffers from frequent personnel turnover. Construction has begun on a BDG funded 250-bed treatment facility in Dhaka. Unlike other, much smaller government facilities that only detoxify addicts without rehabilitating them, this facility will dedicate 100 beds to detoxification and treatment and 150 beds to rehabilitation. Completion is slated for 2006.

Law Enforcement Efforts. Law enforcement units engaged in counternarcotics operations include the police, the DNC, the border defense forces known as the Bangladesh Rifles (BDR), customs, the navy, the coast guard, and local magistrates. Elements of the BDR, responsible for land border security within a twelve-mile swath inside the country, are widely believed to abet the smuggling of goods, including narcotics, into Bangladesh. Regular police and the BDR are viewed as so corrupt and inept at combating everyday crime that a new “Rapid Action Battalion” (RAB) force was recently set up by the central government. Customs, the navy, the coast guard and the DNC all suffer from underfunding, under-equipping, understaffing, and lack of training. Customs officials also lack arrest authority. At ports of entry where customs officials are not stationed with police units, they have no capacity to detain suspected traffickers. Instead, they can only retain the contraband items found. There is no DNC presence at the country’s second largest airport, in Chittagong, which has direct flights to Burma and Thailand. To date, no random searches of crews, ships, boats, vehicles, or containers are being performed at the country’s largest seaport in Chittagong. These obstacles render the overall BDG counternarcotics system almost totally ineffectual. There is also no evidence that law enforcement efforts have any capacity to focus specifically on major traffickers.

According to the DNC, drugs seized by Bangladesh authorities from January through November 2004 are as follows: 12.3 kilograms of heroin (approximately 15 percent increase over the amount seized during all of 2003); 1,720.2 kilograms of marijuana (approximately a 10 percent decrease over the amount seized during all of 2003); 853 ampules of T.D. Jasick injection (approximately a 77 percent decrease over the amount seized during all of 2003); 248.8 liters of phensidyl (approximately a 34 percent decrease over the amount seized during all of 2003); and 2,094 ampules of pathedine injection (approximately a 57 percent increase over the amount seized during all of 2003). It is important to note that these statistics do not reflect all seizures made by all agencies in Bangladesh. However, the DNC believes them to be reflective of general trends in Bangladesh. When examining these DNC data from 1990 to the present, no overall trend emerges. It appears seizures are simply random.

Corruption. Corruption is a major problem at all levels of society and government in Bangladesh. Authorities involved in jobs that have an affect on the drug trade facilitate the smuggling of narcotics. Corrupt officials can be found throughout the chain of command. If caught, prosecuted, and convicted, most officials receive a reprimand at best and termination from government service at worst. Adjudicating authorities do not take these cases seriously.

An Anti-Corruption Commission was officially formed in November 2004 with a mandate to investigate corruption and file cases against government officials. However, serious questions remain about the Commission’s ability and commitment to operate effectively and independently of outside influences. The BDG does not, as a matter of government policy, encourage or facilitate illicit production or distribution of drugs or controlled substances or launder proceeds from their transactions. No senior official has been identified as engaging in, encouraging, or facilitating the production or distribution of drugs or controlled substances.

Agreements and Treaties. Bangladesh is a party to the 1988 UN Drug Convention. It has a memorandum of understanding on narcotics cooperation with Iran, an extradition treaty with Thailand, and an information-sharing relationship with the Government of Burma.

Cultivation/Production. The DNC strongly denies unsubstantiated reports from several NGO and local government officials that opium production takes place in the Bandarban district along the border with Burma. However, the DNC does acknowledge that a limited amount of cannabis is cultivated in the hill tracts near Chittagong, in the southern silt islands, and in the northeastern region, stating that it is for local consumption. The DNC also reports that as soon as knowledge of a cannabis crop reaches its officers, that crop is destroyed in concert with law enforcement agencies.

Drug Flow/Transit. Bangladesh is situated between the Golden Crescent to the west and the Golden Triangle to the east. Opium based pharmaceuticals and other medicinal drugs are being smuggled from India. White heroin comes in from Burma.

Domestic Programs (Demand Reduction). There is no consensus estimate of the number of drug addicts in Bangladesh. A recent DNC study estimated the addict population at two million and growing. Other BDG estimates put the figure as low as 250,000. The total number of drug cases and accused drug offenders doubled between 1999 and 2001 and continues to rise. Media and anecdotal reports suggest that drug abuse, while previously a problem among the ultra-poor, is becoming a major problem among the wealthy and well-educated young. The BDG sponsors rudimentary educational programs aimed at youth in schools and mosques, but there is little funding for these programs and no clear indication of their impact.

The BDG currently runs outpatient and detoxification centers in Dhaka, Chittagong, Khulna, and Rajshahi. These centers only remove the drug from the addict's system; they do not address the underlying causes of individual addiction. Hence, they are not successful in dealing with the addiction problem in Bangladesh. There are other, non-governmental centers with a variety of treatment therapies available. Unfortunately, most of these are quite expensive by Bangladeshi standards and therefore beyond the reach of most drug addicts. However, there is a drug addicts' rehabilitation organization, APON, which operates four long-term residential rehabilitation centers, the only such facilities in Bangladesh. While these four facilities only serve and house men, women's outpatient services are provided at an additional center and a land search has begun for a residential treatment center for female addicts. Anecdotal evidence indicates the number of female addicts is increasing.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG continues to support Bangladesh's counternarcotics efforts through various commodities and training assistance programs. Pursuant to the 2002 U.S. LOA, equipment and law enforcement courses were provided in 2004, primarily to the police, but also to DNC laboratory technicians and officers, and members of the BDR. Other initiatives under consideration include the modernization of law enforcement training facilities in Bangladesh and further development of anticorruption programs within the government.

The Road Ahead. The USG will continue to provide law enforcement and forensic training for BDG officials and work with the BDG to construct a comprehensive strategic plan to develop, professionalize, and institutionalize Bangladesh counternarcotics efforts. This will include working with the BDG to stem drug trafficking before it reaches Bangladesh—primarily by improving maritime security but also by improving land border patrolling.

India

I. Summary

India is the only country authorized by the international community to produce opium gum for pharmaceutical use, rather than concentrate of poppy straw (CPS), the processing method used by the other producers of opiate raw material. India's strategic location, between Southeast and Southwest Asia, the two main sources of illicit opium, make it a heroin transshipment area. The northwestern state of Himachal Pradesh increasingly appears to be a center for cultivation and international trafficking of hashish, although most cannabis and hashish trafficked in India is smuggled from Nepal for export. India produces heroin from diverted licit opium for both the domestic addict market and is a modest, but growing, producer of heroin destined for the international market. In the past two years, Indian law enforcement authorities have dismantled two major laboratories—one set to produce methamphetamines and the other, Ecstasy. The Government of India (GOI) formally released the results of the 2001 National Drug Study (NDS) conducted in partnership with UNODC in 2004. Injecting drug use (IDU) of heroin, morphine base (brown heroin), and opiate pharmaceuticals continues to grow; while major metropolitan areas increasingly report the use of cocaine, Ecstasy, and other chemical drugs among the wealthy elite.

The Government of India (GOI) continually tightens licit opium diversion controls, but an unknown quantity of licit opium is diverted into illicit markets. In 2001 and 2003, the GOI and the United States conducted a Joint Licit Opium Poppy Survey (JLOPPS) to develop a methodology to estimate opium gum yield. The survey results confirmed the validity of the survey's yield prediction methodology, but lacked key data to apply the study's conclusions directly to India's 2002/03 licit opium crop. The data revealed that several widely used Indian poppy varieties have a low alkaloid yield.

India's large and fairly advanced chemical industry manufactures a wide range of chemicals, including the precursor chemicals acetic anhydride (AA), ephedrine, and pseudoephedrine and other chemicals which can be diverted for the manufacture of illicit narcotics. The GOI controls potential dual use chemicals, including the precursor chemicals AA and pseudoephedrine. Some chemicals are controlled both for import and export, while others are controlled only for import or for export. Violation of any order regulating controlled substance precursors is an offence under the Narcotics Drugs and Psychotropic Substances Act (NDPSA), the GOI's key law controlling drug trafficking, and punishable with imprisonment of up to 10 years. Intentional diversion of any substance (whether it is notified or not as a controlled substance) for illicit manufacture of narcotic drugs and psychotropic substances is also punishable under the NDPSA.

The GOI, in partnership with the Indian Chemical Manufacturing Association, imposes strict access controls on AA, a chemical used to process opium into heroin. These controls include specially fabricated sealing systems, which make it very difficult to tamper with the tankers' inlets and outlets, end-use certificates from the buyers, and special identity cards for drivers driving tankers containing AA. The GOI reviews its chemical controls annually and updates its list of "controlled substances" as necessary. India is a party to the 1988 UN Drug Convention.

II. Status of Country

Under the terms of international agreements, supervised by the International Narcotics Control Board, India must maintain licit opium production and carry-over stocks at levels no higher than those consistent with world demand to avoid excessive production and stockpiling, which could be diverted into illicit markets. India has complied with this requirement and succeeded in rebuilding stocks over the past three years from below-recommended levels. Opium stocks now exceed minimum

requirements, almost tripling between 1999 and 2003, from a stock of 509 metric tons (MT) in 1999/2000 TO 1,386 metric tons in 2003/04.

Licensed farmers are allowed to cultivate a maximum of 20 “ares” (1 “are” is 100 square meters, so 20 ares equals one-fifth of a hectare). “Opium years” straddle two calendar years. All farmers must deliver all the opium they produce to the government alone, meeting a minimum qualifying yield (MQY) that specifies the number of kilos of opium to be produced per hectare (HA) per state. The MQY is established yearly by the CBN prior to licensing. At the time CBN establishes the MQY, it also publishes the price per kilo the farmer will receive for opium produced that meets the MQY, as well as significantly higher prices for all opium turned into the CBN that exceeds the MQY.

The MQYs are based on historical yield levels from licensed farmers during previous crops. Increasing the annual MQY has proven effective in increasing average yields, while deterring diversion, since, if the MQY is too low, farmers could clandestinely divert excess opium they produce into illicit channels, where traffickers often pay up to ten times what the GOI can offer. Thus, an accurate estimate of the MQY is crucial to the success of the Indian licit production control regime.

During the 2002-2003 crop year, CBN began to estimate the actual acreage under licit opium poppy cultivation by using satellite imagery and then comparing it with exact field measurements. The survey was also used in conjunction with satellite imagery of weather conditions to compare cultivation in similar geo-climatic zones to estimate potential crop yields, assess storm damage, and determine whether opium was being diverted. The satellite results were then confirmed by on-ground CBN visits that measured each farmer’s plot size.

In 2004, CBN again tightened its controls against diversion, conducting 100 percent measurement of each cultivated area. The measurements were cross-checked by supervisory officers. Any cultivation in excess of five percent of the allotted cultivation area was not only uprooted, but the cultivator was also subject to prosecution. During the lancing period, the CBN appointed a village headman for each village to record the daily yield of opium from the cultivators under his charge. CBN regularly checked the register and physically verified the yield tendered at harvest. The CBN has also reduced the total procurement period of opium in order to minimize opportunities for diversion and deployed additional teams of officers from the Central Excise Department to monitor harvesting and check diversion.

The newest CBN administrative innovation is a project to issue microprocessor chip-based cards (Smart Identity Cards) to opium poppy cultivators. The card carries the personal details of the cultivator, the licensed area, the measured/test measured field area, and the opium tendered by him to the CBN. The card can also store previous years’ data. The information stored on the card is read with handheld terminal/read-write machines that will be provided to field divisions as part of the project. CBN personnel will enter cultivation data into the cultivators’ cards and the data will be uploaded to be transferred to computers at CBN HQs and regional offices. The cards were delivered to cultivators at the time of licensing. CBN has established a model center to begin implementing the project in Rajasthan before deciding whether to carry it out in all other production areas.

The CBN also conducts preventive checks and targeted raids based on intelligence to search for opium that might have been concealed by the cultivators. In the past during these raids, CBN officers discovered metric ton quantities (one year, 11 metric tons; the next, 7 metric tons) of concealed opium. The GOI periodically raises the official price per kilo of opium, but illicit market prices are four to five times higher than the base government price. Farmers who submit opium at levels above the MQY receive a premium, but premium prices can only act as a modest positive incentive. For the 2004/2005 opium harvest year, CBN has drastically lowered the number of hectares licensed (from 21,141 in 2003/2004 to 8,771 in 2004/2005) and the number of farmers licensed (from 105,697 in 2003/2004 to 87,682 in 2004/2005).

Although there is no reliable estimate of diversion from India's licit opium industry, clearly, some diversion does take place. However, it is not possible to pinpoint the amount accurately and there is no evidence that opium or its derivatives diverted from India's fields reaches the U.S. In 2004, the GOI discovered and shut down six morphine base laboratories in India's opium growing areas; four in Uttar Pradesh and two in Madhya Pradesh.

Poppies harvested using CPS are not lanced, and since the dried poppy heads cannot be readily converted into a usable narcotics substance, diversion opportunities are minimal. However, it is inherently difficult to control diversion of opium gum collection because opium gum is collected by hand-scraping the poppy capsule and the gum is later consolidated before collection. The sheer numbers of Indian farmers, farm workers, and others (over one million yearly) who come into contact with poppy plants and their lucrative gum make diversion appealing and hard to monitor. Policing these farmers on privately held land scattered throughout three of India's largest states is a considerable challenge for the CBN. All other legal producers of opium alkaloids, including Turkey, France, and Australia, produce narcotics raw materials using the CPS process. The GOI believes the labor intensive gum process used in India is appropriate to the large numbers of relatively small-scale farmers who grow poppy in India.

Processing opium gum is difficult because a residue remains after the narcotic alkaloids have been extracted, which must be disposed of with appropriate environmental safeguards. Because of this, pharmaceutical opiate processing companies prefer using concentrate of poppy straw (CPS) for ease of extracting the opiate alkaloids.

To meet this challenge, the GOI is exploring the possibility of converting some of its opium crop to the CPS method. In 2003, the Ministry of Finance visited several countries that produce CPS to observe CPS extraction methods. The GOI is also examining ways to expand India's opiate pharmaceutical processing industry and the availability of opiate pharmaceutical drugs to Indian consumers through ventures with the private sector. The GOI has invited major Indian pharmaceutical producers to submit proposals that would essentially privatize opium refining and pharmaceutical opiate production.

However, regardless of the GOI's interest in CPS, the financial and social costs of the transfer and the difficulty of purchasing an appropriate technology are daunting. Since alkaloid extraction requires highly specialized equipment, the only places where such equipment and technologies would be available are in the other countries licensed to produce legal opiate alkaloids and thus in countries in direct competition with India for licit opium sales.

Morphine base ("brown heroin" heroin) is India's most popularly abused heroin derivative, either through smoking, ("chasing", i.e., inhaling the fumes) or injecting. Most of India's "brown heroin" comes from diverted licit Indian opium and is locally manufactured. Indian "brown heroin" heroin is also increasingly available in Nepal, Bangladesh, Sri Lanka, and the Maldives. Since January 1999, Indian authorities have seized increasing amounts of domestically refined ("white") heroin, which has constituted as much as 80 percent of India's heroin seizures over the past year. Most seized "white" heroin is destined for West Africa and Europe. Heroin seizures on the India/Pakistan border, which had plummeted during the past few years due to the Indian/Pakistani border tensions, appear to be on the upswing.

III. Country Actions Against Drugs in 2004

Policy Initiatives. India's stringent Narcotic Drugs and Psychotropic Substances Act (NDPSA) of 1985 was amended in October 2001, bringing significant flexibility to the Indian sentencing structure for narcotics offenses. The amendments removed obstacles faced by investigation officers related to search, seizure, and forfeiture of illegally acquired property and provided for controlled deliveries to

facilitate investigation both within and outside the country. The amended NDPSA also made it more likely that drug traffickers would be refused bail, particularly those serious offenders who are more likely to flee before trial. Amendment of India's sentencing laws for drugs is expected to increase the conviction rate significantly for future violators. In 2003, 8,790 persons were prosecuted, resulting in 3,330 convictions for a conviction rate of 38 percent. For the first 3 quarters of 2004, 4,346 people were prosecuted for drug-related offences, of which 2,224 were convicted. In certain cases involving repeat offenders, who are dealing in commercial quantities of illegal drugs, the law allows for the death penalty. It should be noted that to date, no person has been given the death penalty for drug trafficking in India.

In April 2003, GOI moved the NCB from the Ministry of Finance to the Ministry of Home Affairs. The Ministry of Finance remains the GOI's central coordinating ministry for counternarcotics and continues to cooperate with the NCB. The move has enhanced the NCB's law enforcement capabilities and helped align the bureau with other GOI police agencies under the control of the Home Ministry. A number of proposals are also under consideration to bolster the professionalism of the NCB, such as increasing NCB's staff and increasing the technical capacities of the NCB's officers.

Accomplishments. Indian authorities have established a continuous aerial/satellite-based system for monitoring licit and illicit opium cultivation nationwide, which became operational in early 2002 and was enhanced in 2003.

Law Enforcement Efforts. The GOI's decision to fence the India/Pakistan border, while not specifically designed to control drug trafficking, has effectively done so, leading to a drop in the amount of Afghan heroin trafficked through that border. Through October 2004, Indian law enforcement authorities seized 856 kilograms of heroin in 2,087 cases. The majority of this heroin was seized in South India. Indian law enforcement agencies also seized 1,616 kilograms of opium in 451 cases, 4,012 kilograms of hashish in 883 cases and 49 kilograms of morphine base in 137 cases. While hashish and marijuana seizures have increased from last year's seizures, other drug seizures, with the exception of opium, appear to be below last year's seizures. Cocaine seizures, while small, have doubled (from 1 kilogram to 2 kilograms)—confirming what news reports and law enforcement agencies have said for several years, that cocaine is available in India on the wealthy "party circuit," particularly in Mumbai and New Delhi.

Seizures of controlled substance pharmaceutical drugs are also up sharply. In 2003, law enforcement authorities in the states of Nagaland and Assam seized almost 104,087 tablets of diverted Proxyvan, a licit opiate pharmaceutical widely used in Northeast India. In 2003, Indian law enforcement authorities also seized 10.3 kilograms of diazepam in addition to 74,320 ampoules of diverted buprenorphine—a synthetic opiate widely used by injecting drug users throughout India, particularly in Chennai, New Delhi, and North India. Diverted Indian licit controlled pharmaceuticals have also been seized in the Gulf countries, in Afghanistan and in Bangladesh. The GOI does not maintain comprehensive, nationwide statistics on controlled pharmaceutical substance seizures.

On June 2004 the Indian Directorate of Revenue Intelligence (DRI) arrested five individuals who were involved in a poly-drug trafficking organization. In conjunction with the arrest, 350,000 tablets of MDMA (Ecstasy), 8 kilograms of amphetamine and 1.2 tons of Mandrax (methaqualone) were seized. This was the first significant seizure of MDMA in India. In addition, the investigation revealed that the MDMA was produced by the co-conspirators in India. The DRI believes, and DEA agrees, that the MDMA was intended for markets outside of India. The main target in this investigation was previously arrested by DEA in the United States on a drug trafficking case.

DEA New Delhi, in conjunction with NCB, has initiated a number of internet pharmaceutical cases with a nexus to the United States. The cases center around on-line prescriptions being obtained by U.S.-based customers from India in violation of Indian and U.S. laws. Large amounts of pharmaceuticals have been seized in India that were destined for the United States. The investigation

has revealed that the individuals operating the on-line pharmacy are generating hundreds of thousands, or even millions of dollars, in revenues. DHS and Indian Customs are working in coordination with DEA and NCB to investigate the use of courier mail to ship diverted licit pharmaceuticals from India to the U.S.

Corruption. The Indian media regularly report allegations of corruption against law enforcement personnel, elected politicians, and cabinet-level ministers of the GOI. The United States receives reports of narcotics-related corruption, but lacks the information to confirm those reports and the means to assess the overall scope of drug corruption in India. It is a reasonable assumption in a poor country like India that corruption does play some role in narcotics trafficking, despite the government's best efforts. Both the CBN and the NCB periodically take steps to arrest, convict, and punish corrupt officials within their ranks. The CBN frequently transfers officials in key drug producing areas. The CBN has increased the transparency of paying licensed opium farmers to prevent corruption and appointing village coordinators to monitor opium cultivation and harvest. These coordinators receive 10 percent of the total paid to the village for its crops, in addition to what they receive for their own crops, so it is advantageous to them to ensure that each farmer under their jurisdiction turns in the largest possible crop.

Agreements and Treaties. India is a party to the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. The United States and India signed a Mutual Legal Assistance Treaty (MLAT) on October 17, 2001, which was ratified by the U.S. Senate, but is awaiting GOI ratification. The change of government in May caused a delay in GOI consideration of the MLAT, but MEA sources indicate the treaty could be ratified soon. An extradition treaty is in effect between the U.S. and India. India has signed but has not yet ratified the UN Convention against Transnational Organized Crime. The USG and the GOI signed the long-awaited Customs Mutual Assistance Agreement on December 15, 2004.

Illicit Cultivation/Production. The bulk of India's illicit cultivation is now confined to Arunachal Pradesh, the most remote of northeastern states, which has no airfields and few roads. The terrain is mountainous, isolated jungle, requiring significant commodity and personnel resources. The need to combat the many insurgencies in the Northeast states has limited the number of personnel available for such time-consuming, labor-intensive campaigns. For those reasons, the GOI has not conducted any major poppy eradication campaigns in the Northeast in the past two years, although 417 acres of illicit poppy plant was destroyed in 2004. Current very rough estimates by the local drug control officials put opium cultivation in Arunachal Pradesh at 1,500 to 2,000 hectares, but there have not been any official GOI illicit crop surveys for over two years. There are no accurate estimates of opium gum yields, but CBN officials claim that the yields from illicit production in Arunachal Pradesh are very low, between two to six kilograms per hectare.

Drug Flow/Transit. Although trafficking patterns appear to be changing, India historically has been an important transit area for Southwest Asia heroin from Afghanistan and Pakistan and, to a lesser degree, from Southeast Asia-Burma, Thailand, and Laos. India's heroin seizures from these two regions continue to provide evidence of India's transshipment role. Most heroin transiting India appears bound for Europe. Seizures of Southwest Asian heroin made at New Delhi and Mumbai airports tend to reinforce this assessment. However, the bulk of heroin seized in the past two years has been of domestic origin (NCB estimates 80 percent), seized in South India and apparently destined to Sri Lanka. Trafficking groups operating in India fall into four categories. Most small seizures at the Mumbai and New Delhi international airports are from West African traffickers. Traffickers who maintain familial and/or tribal ties to Pakistan and Afghanistan are responsible for most of the smuggling of Pakistani or Afghan heroin into India. Ethnic Tamil traffickers, centered primarily in Southern India, are alleged to be involved in trafficking between India and Sri Lanka. Indigenous tribal groups in the northeastern states adjacent to Burma maintain ties to Burmese trafficking

organizations and facilitate the entry into Burma of precursor chemicals and into India of refined “white sugar” heroin through the porous Indo/Burma border.

Indian-produced methaqualone (Mandrax) trafficking to Southern and Eastern Africa continues. Although South Africa has increased methaqualone production, India is still believed to be among the world’s largest known clandestine methaqualone producers. Seizures of methaqualone, which is trafficked in both pill and bulk form have varied significantly, from a high of 11,130 kilograms in 2002 to 1,614 kilograms through September 2004. Cannabis smuggled from Nepal is mainly consumed within India, but some makes its way to western destinations. Interestingly, there was also a very large Mandrax seizure (18 metric tons) in China. The drugs appeared to be destined for the South African market.

India is also increasingly emerging as a manufacturer and supplier of licit opiate/psychotropic pharmaceuticals (LOPPS), both organic and synthetic, to the Middle East, Pakistan and Afghanistan. Some of the LOPPS are licitly manufactured and then diverted, often in bulk. Some of the LOPPS are illicitly manufactured as well. Indian-origin LOPPS and other controlled pharmaceutical substances are increasingly being shipped to the U.S. in multiple small quantities, making detection very difficult.

Domestic Programs (Demand Reduction). Newspapers frequently refer to Ecstasy and cocaine use on the Mumbai and New Delhi “party circuit,” but there is no information on the extent of their use. While smoking “brown heroin” (morphine base) and cannabis remain India’s principal recreational drugs, intravenous drug use (IDU) of LOPPS is rising in India, replacing, almost completely, “white” heroin. In parts of India where IDUs have been denied access to LOPPS, IDUs have turned to injecting “brown heroin.” Drug users in Mumbai have discovered that injecting “brown heroin” is much cheaper than “chasing”), leading to an explosion of “brown heroin” IDU in Mumbai. Various licitly produced psychotropic drugs and opiate painkillers, cough medicines, and codeine are just some of the substances that have emerged as the new drugs of choice. In 2004, the Ministry of Social Justice and Empowerment (MSJE) formally released what is likely the world’s largest drug abuse study, conducted in partnership with UNODC in 2001. The previous government had embargoed the study. The study found that licit opiate abuse accounted for 43 percent of Indian drug abuse. According to the study, drug users are largely young and predominantly male. Although drug abuse cuts across a wide spectrum of India’s society, more than a quarter of drug abusers are homeless, nearly half are unmarried, and 40 percent had less than a primary school education. Itinerant populations (e.g., truck drivers) are extremely susceptible to drug use. The number of women drug abusers is increasing rapidly. Most women IDUs exchange sex for drugs; many are commercial sex workers. Frequently, their children become drug users. A new residential treatment program for women IDUs opened in New Delhi in 2004, so that India now has two residential treatment programs for women IDUs. Widespread needle sharing has led to high rates of HIV/AIDS and overdoses.

The popularity of injecting controlled licit pharmaceuticals can be attributed to four factors. First, they are far less expensive than their illegal counterparts. Refined heroin on the illicit market can cost as much as \$2 a dose, while LOPPS usually cost fewer than 40 cents a dose. Second, they provide quick, intense “highs” that many users prefer to the slower, longer-lasting highs resulting from heroin. Third, many IDUs believe that they experience fewer and milder withdrawal symptoms with pharmaceutical drug use. Finally, licit opiate/psychotropic pharmaceuticals are widely available and easy to obtain, since virtually any drug retail outlet will sell them without a prescription.

Because LOPPS produces shorter periods of intoxication, users must inject them more often, leading to more opportunities to spread diseases associated with IDU, such as HIV/AIDS and hepatitis. It is not uncommon for IDUs to share needles and other drug paraphernalia with as many as eight to 15 people a day. Estimates of HIV/AIDS prevalence among injecting drug users by India’s National AIDS Control Organization and by NGOs range from 39 percent in the Northeast to 15 percent in

Chennai to 40 percent in New Delhi. The MSJE/UNODC study found that intravenous drug users often engaged in unprotected sexual intercourse, often with sex workers.

The GOI's Ministry of Social Justice and Empowerment (MSJE) has a three-pronged strategy for demand reduction: building awareness and educating people about drug abuse; dealing with addicts through programs of motivational counseling, treatment, follow-up, and social reintegration; and training volunteers to work in the field of demand reduction. The MSJE's goal is to promote greater community participation and reach out to high-risk population groups with an on-going community-based program for prevention, treatment and rehabilitation through some 400 NGOs throughout the country. The MSJE spent about \$5 million on NGO support last year.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The United States has a close and cooperative relationship with the GOI on counternarcotics issues. On December 15, 2004, the long-awaited Customs Mutual Assistance Agreement was signed. In September 2003, the United States and India signed Letter of Agreement (LOA) amendments to provide State Department drug assistance funding worth \$2.184 million for counternarcotics law enforcement. In 2004, another \$40,000 was added to the LOA. A separate grant of \$50,000 directly to NGO Navjyoti of the Delhi Police Foundation funds a drug rehabilitation project to train medical personnel to treat drug abusers and to provide community-based prevention services to slum areas, which have the highest rates of drug abuse in New Delhi.

The Road Ahead. The GOI continues to tighten controls over licit opium cultivation. The NCB's move to the Ministry of Home Affairs has enhanced the U.S. relationship with the Ministry and NCB. DEA gave more courses to more law enforcement officials from a wider variety of state and central government law enforcement agencies in 2004 than ever before. The Intelligence Infrastructure Enhancement Project training on link analysis software will yield results in better targeting of drug traffickers and closer cooperation with DEA. The GOI says it is increasingly concerned over the nexus between drug trafficking and terrorism. The GOI has recognized the need for stronger drug control efforts nationally, particularly in the Northeast. The United States will continue to explore opportunities to work with the GOI in addressing drug trafficking and production and other transnational crimes of common concern.

The Maldives

Consisting of approximately 1,100 islands set in the Indian Ocean and with a population of approximately 270,000, the Republic of the Maldives has a comparatively small drug problem. Maldivian authorities believe, however, that the drug problem is at the root of most crime in the society. The Maldivian government and the U.S. maintain a good working relationship on counternarcotics issues. The Maldives is not a producer of narcotics or precursor chemicals. Officials believe all narcotics that reach the Maldives come from elsewhere and are destined for the local population and are not for transshipment.

The Maldivian government is very focused on the illicit drug issue and is taking steps to address the problem. The government conducted a Rapid Situation Assessment of drug abuse in Maldives during 2003 and published it in 2004. The study was possible due to changes to the narcotics law in 2002, which enabled officials to speak with drug abusers without being required to report them as drug abusers. In line with government officials' assumptions, the study found that the majority of drug abusers are in the 18-35 year-old category. Officials also found that five to ten percent of the population abuses drugs. The study determined that drug abuse had shifted from cannabis to "brown sugar" heroin in recent years. The late-teen onset of drug abuse coincides with completion of secondary education and the lack of sufficient employment opportunities for the growing population of young adults.

In September 2004, the Police Department split from the National Security Service and is now responsible for narcotics law enforcement. The Department has a Narcotics Control Unit staffed by approximately one dozen officers. Given the relatively small scale of the abuse problem in the Maldives, the police believe that only small quantities of narcotics are generally trafficked. Police estimate that between three to four kilograms of heroin are trafficked into Maldives annually. The task of the police is thus quite challenging, as these small quantities are much harder to detect. The police believe that the large number of foreign workers, mainly South Asians, is one possible source of drug trafficking. As the country has a large amount of commerce and traffic via the sea, officials believe that another possible source of drug smuggling is via small commercial vessels. Police plan to engage vessel operators in interdiction efforts.

In prior years, the U.S. has assisted the Maldives in counternarcotics activities, including via direct training and through the Colombo Plan—a regional development agency headquartered in Colombo, Sri Lanka. In 2004, the Colombo Plan conducted U.S.-funded regional narcotics officer training in the Maldives. Previous direct U.S. government funding through State Department narcotics/law enforcement assistance to the Maldives in 1993 created a computerized immigration record-keeping system, in part to track the movements of alleged drug traffickers. This was followed by additional U.S. funding in 1996 to enhance the system.

The Maldivian government established a Narcotics Control Board under the Executive Office of the President—now renamed the National Narcotics Control Bureau (NNCB)—to oversee rehabilitation of addicts and conduct drug abuse avoidance campaigns throughout the islands. At present, Maldives only has a 150-bed treatment center. To address the chronic shortage of space, the government is building an additional 200-bed treatment center, which will only be available to individuals convicted of a drug offense. Officials expect the center to open early in 2005. The NNCB has also begun employing expatriate healthcare professionals, such as child psychologists, to work with population in the treatment centers.

No senior officials of the Maldives is known or suspected to be involved in narcotics-related corruption. It is the policy of the Government of the Maldives to discourage drug abuse by its citizens and to pursue drug traffickers vigorously under Maldivian laws. In 1994, the Maldives cooperated

with the U.S. in rendering a Nigerian national to the United States to face narcotics trafficking charges. The Maldivian government is a party to the 1988 UN Drug Convention.

Nepal

I. Summary

Although Nepal is neither a significant producer of nor a major transit route for narcotic drugs, small amounts of cannabis, hashish, and heroin are trafficked to and through Nepal every year. An increase in the use of Nepalese couriers, apprehended by the police, suggests that the country's citizens are becoming more involved in trafficking. Moreover, Nepal's Narcotics Drug Control Law Enforcement Unit (NDCLEU) reports that more Nepalese citizens are investing in and taking a larger role in running trafficking operations. Customs and border controls remain weak, but international cooperation has resulted in increased narcotics-related indictments in Nepal and abroad. The ongoing Maoist insurgency has an impact on rule-of-law and interdiction efforts in many parts of the country. NDCLEU has enhanced both the country's enforcement capacity and its expertise. Nepal is a party to the 1988 UN Drug Convention.

II. Status of Country

Heroin from Southwest and Southeast Asia is smuggled into Nepal across the open border with India and through Kathmandu's international airport. The ongoing Maoist insurgency has an impact on rule-of-law and interdiction efforts in many parts of the country. Police have reconfirmed that production of cannabis is on the rise in the southern areas of the country, and that most is destined for the Indian market. Police have also intercepted locally produced hashish en route to India in quantities of up to 285 kilograms at a time. Media reports have speculated that Nepal's Maoist guerrillas are involved in drug smuggling to finance their insurgency. NDCLEU reports that Maoists are known to have called upon locals in the Birgunj area to increase cannabis production. The NDCLEU reports that the Maoists levy a 40 percent tax on cannabis production in certain areas. Abuse of locally grown and wild cannabis and locally produced hashish, marketed in freelance operations, remains widespread. Licit, codeine-based medicines continue to be abused. Nepal is not a producer of chemical precursors.

III. Country Actions Against Drugs in 2004

Policy Initiatives. Nepal's basic drug law is the Narcotic Drugs (Control) Act, 2033 (1976). Under this law, the cultivation, production, preparation, manufacture, export, import, purchase, possession, sale, and consumption of most commonly abused drugs are illegal. The Narcotics Control Act, amended last in 1993, conforms in part to the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol by addressing narcotics production, manufacture, sales, import, and export. Nepal developed, in association with the United Nations Office of Drugs and Crime (UNODC), a Master Plan for Drug Abuse Control (MPDAC), and has been implementing it actively.

Legislative action on mutual legal assistance and witness protection, developed as part of the MPDAC, remained stalled for a third year due to the lack of a parliament. The government has not submitted scheduled amendments to its Customs Act to control precursor chemicals. Legislation on asset seizures was drafted in 1997 with UNODC assistance and is under the review of the Ministry of Law and Justice. Legislation on criminal conspiracy has not yet been drafted.

Accomplishments. The Government of Nepal (GON) continues to coordinate its counternarcotics efforts regionally, and actively cooperates in international efforts to identify and arrest traffickers. Cooperation between the DEA and Nepal's NDCLEU has been excellent and has resulted in indictments both in Nepal and abroad.

Law Enforcement Efforts. The NDCLEU has developed an intelligence wing, but its effectiveness remains constrained by a lack of transport, communications, and surveillance equipment. Coordination and cooperation among NDCLEU and Nepal's customs and immigration services, while still problematic, is improving. Crop destruction efforts have been hampered by the reallocation of resources to fight the Maoist insurgency and the lack of security in the countryside. Final statistical data for 2003 and data through October 2004 indicate that destruction of cannabis plants declined slightly. During the first 10 months of 2004, the Nepal Police arrested 35 foreigners under drug trafficking charges. In February 2004, the largest single seizure (669 kilograms) of locally produced hashish was seized, and was believed to be Canada-bound. The NDCLEU seized nearly double the amount of hashish in 2004 compared with 2003. NDCLEU reported that it seized 75.2 kilograms of hashish and 1.165 kilograms of heroin at Kathmandu's Tribhuvan International Airport (TIA) in 2004. No opium was seized in 2004. Seizures of heroin decreased, and the absolute quantity (a total of approximately 7 kilograms) remained small. Most seizures of heroin and hashish in 2004 occurred within Kathmandu or at TIA as passengers departed Nepal. Seizures of illicit and licit, but illegally held, pharmaceuticals increased in 2004.

Corruption. Nepal continues to have no laws specifically targeting public narcotics-related corruption by senior government officials, although both the Narcotics (Control) Drug Act of 1976 and Nepal's anticorruption legislation could be employed in this regard. There is no government policy to encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. On the contrary, Nepal does what it can to suppress trafficking. There is also no record that senior government officials have engaged in, encouraged or facilitated the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances or that they have discouraged or otherwise hampered the investigation or prosecution of such acts.

Agreements and Treaties. Nepal is party to the 1998 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1993 South Asian Association for Regional Cooperation (SAARC) Convention on Narcotics Drugs and Psychotropic Substances. Nepal has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime.

Cultivation/Production. Cannabis is an indigenous plant in Nepal, and cultivation of developed varieties is rising, particularly in lowland areas. There is some small-scale cultivation of opium poppy, but detection is difficult since it is interspersed among licit crops. Nepali drug enforcement officials believe that all heroin seized in Nepal originates elsewhere. Nepal produces no precursor chemicals. Importers of dual-use precursor chemicals must obtain a license and submit bimonthly reports on usage to the Home Ministry. There have been no reports of the illicit use of licensed imported chemicals.

Drug Flow/Transit. Narcotics seizures suggest that narcotics transit Nepal from the east and west in approximately equal proportions. Media reports claim that most narcotics are bound for India, and law enforcement sources indicate that most seizures occur at the India/Nepal border. Customs and border controls are weak along Nepal's land borders with India and China. The Indian border is open. Security measures to interdict narcotics and contraband at Kathmandu's international airport and at Nepal's regional airports with direct flights to India are inadequate. The Government of Nepal (GON), along with other governments, is working to increase the level of security at the international airport, and the Royal Nepal Army is detailed to assist with airport security.

Arrests of Nepalese couriers in other countries suggest that Nepalese are becoming more involved in trafficking both as couriers and as traffickers and that Nepal may be increasingly used as a transit point for destinations in South and South East Asia as well as Europe (Spain, the Netherlands, and

Switzerland). The NDCLEU has also identified the United States as a final destination for some drugs transiting Nepal, typically routed through Bangkok

Domestic Programs (Demand Reduction). The GON continues to implement its national drug demand reduction strategy in association with the Sri Lanka-based Colombo Plan, the United States, UNODC, donor agencies, and NGOs. However, resource constraints limit significant progress.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. policy is to strengthen Nepal's law enforcement capacity to combat narcotics trafficking and related crimes, to maintain positive bilateral cooperation, and to encourage Nepal to enact and implement appropriate laws and regulations to meet all objectives of the 1988 UN Drug Convention. The United States, NDCLEU, and other donors work together through regional drug liaison offices and through the Kathmandu Mini-Dublin Group of Countries Offering Narcotics Related Assistance.

Bilateral Cooperation. The United States works with GON agencies to help implement Nepal's master plan for drug abuse control and to provide expertise and training in enforcement. Nepal exchanges drug trafficking information with regional states and occasionally with destination states in Europe in connection with international narcotics investigations and proceedings.

The Road Ahead. The United States will continue information exchanges, training, and enforcement cooperation; will work with the UNODC to strengthen the NDCLEU; will provide support to various parts of the legal establishment to combat corruption and improve rule of law; and will support improvements in the Nepali customs service. The United States will encourage the GON to enact stalled drug legislation.

Pakistan

I. Summary

There is significant opium poppy cultivation in Pakistan, and Pakistan is also an important transit country for Afghan opiates and hashish. According to DEA, Pakistani financier/traffickers may also play an important role in opium production in Afghanistan. In 2004, the USG estimated through aerial and ground surveys that Pakistan's opium poppy harvested crop remained at the 2003 level of approximately 3,100 hectares, although attempted cultivation (before crop eradication) increased slightly. Counternarcotics cooperation between the Government of Pakistan (GOP) and the United States remains excellent. GOP counternarcotics efforts are led by the Anti-Narcotics Force (ANF) under the Ministry of Narcotics Control (MNC), but also include several law enforcement agencies and the Home Departments of Northwest Frontier Province (NWFP) and Balochistan Province. DEA has not been able to confirm that some small heroin production facilities exist in Pakistan, but there is a strong suspicion that some exist.

GOP authorities continue to remain unable to complete three U.S. extradition requests pending in the High Court for nearly a decade. While the GOP extradited one individual in a non-drug-related case during 2004, in addition to the three narcotics cases, three other U.S. extradition requests remain pending, one of which since 1994. Efforts underway since 2001 to enhance border security as a measure against terrorism have improved the ability of law enforcement forces to enter into previously inaccessible tribal areas on the border where some of the drug trafficking takes place. Pakistan is a party to the 1988 UN Drug Convention. The U.S.-Pakistan Joint Working Group on Law Enforcement (JWG) has provided a useful forum for addressing narcotics and other law enforcement issues; it last met during September 1-2, 2004 in Islamabad.

II. Status of Country

After being declared "poppy free" by the United Nations in 2001, ground and aerial surveys in 2004 demonstrated that opium poppy cultivation in fact increased slightly in Pakistan. However, cultivation was almost completely contained in the "nontraditional" areas of Federally Administered Tribal Areas (FATA), in which significant cultivation occurred in 2003. Some possible factors for the increase in cultivation include continuing high prices for poppy, spillover from Afghanistan, better rains, lack of development programs, farmers' expectations of a diminished effect to contain poppy growth due to the GOP focus on counterterrorism, and inaccessibility to the areas of highest cultivation. Due in part to increased monitoring and aggressive eradication efforts, harvested opium poppy in 2004 remained about the same as in 2003 at 3,100 hectares. The Frontier Corps and tribal khassadar forces, who provide security for opium crop destruction operations, continued to be stretched thin due to counterterrorist operations, and the GOP was reluctant to pursue eradication aggressively in some parts of Khyber Agency for fear of disrupting community acquiescence to counterterrorism operations in the area. Although the crop levels are insignificant compared to neighboring Afghanistan (and to the many thousands of hectares under cultivation in Pakistan in the 1990s), the GOP aims to regain poppy-free status through enforcement of a strict "no tolerance" policy for cultivation.

Pakistan remains a substantial trafficking country for heroin, morphine, and hashish from Afghanistan, and according to DEA, Pakistani financiers/traffickers may also play an important role in financing and organizing opium production in Afghanistan. Control of narcotics trafficking along the remote 1,450-mile border has presented a major challenge for the GOP. Interdiction operations on the border occur, but drug convoys are becoming increasingly smaller, well guarded, and highly mobile, with high-tech communications capability and the ability to take advantage of difficult terrain and widely

dispersed law enforcement personnel. The GOP has expressed concern that as counternarcotics efforts ramp up in Afghanistan, the drug trade will push east into Pakistan. An ambitious, U.S.-funded Border Security Project begun in 2002, however, has significantly improved GOP capacity on the border, and continuing USG assistance should result in greater advances in 2005 and beyond.

The steady flow of drugs into Pakistan has left a social toll, fueling domestic addiction and contributing to persistent corruption. Pakistan has established a chemical controls program that monitors the importation of controlled chemicals. While some diversion of precursors probably occurs in Pakistan, it is not believed to be a major precursor source country. DEA has unconfirmed intelligence that there are small heroin labs in Pakistan, producing 2-10 kilograms on a weekly basis; the GOP does not have any information that there are heroin labs in Pakistan.

III. Country Actions Against Drugs in 2004

Policy Initiatives. After the unexpected resurgence of poppy cultivation in 2002-2003, the ANF developed an antipoppy strategy to prevent cultivation, eradicate poppy with force when necessary, and to file criminal cases against growers. In Balochistan, the ANF took a proactive approach, delivering a strong antipoppy message to growers before and during the October-November sowing season via warnings in the local media and in person by provincial and tribal authorities. The ANF also reported an aggressive eradication campaign in Balochistan, leading to the destruction of 84 percent of the poppy crop in that region—although this figure could not be confirmed by the U.S. Embassy in Pakistan. In the FATA, the traditional cultivation region, the ANF has very limited jurisdiction, but NAS and GOP officials met regularly during the pre-sowing and early growing season with local political authorities to ensure that the tribal residents understood that they must comply with the ban on cultivation or else the GOP would undertake forced eradication and, if necessary, impose fines, arrest growers, and take other measures provided for under special law applicable to the FATA.

The GOP's USG-supported Border Security Project (begun in 2002) made significant progress in 2004. The project is aimed at strengthening security along Pakistan's western border through training to professionalize border forces; provision of vehicles and surveillance and communications equipment to enhance their ability to patrol the remote border areas; and an aviation program to enable aerial surveillance and interdiction missions along the border (although the 8 Huey II helicopters were in high demand for counterterrorism operations, limiting their availability for counternarcotics). Border security will be further enhanced by construction of approximately 390 kilometers of roads in the remote FATA adjacent to NWFP.

Accomplishments. The GOP extended its 1998-2003 Drug Abuse Control Master Plan (covering both supply and demand) through 2006. The GOP has been actively engaged at the ministerial level in regional and international fora on counternarcotics, such as the Paris Pact. The special narcotics courts established in 2001 continued to produce commendable results despite limited resources. As of November 30, 2004, the ANF had registered 722 narcotics cases in the GOP's court system, 450 of which were decided with a 74 percent conviction rate. The GOP also improved its poppy monitoring, particularly in NWFP and Balochistan. This enhanced monitoring might have led to inclusion in GOP statistics of poppy cultivation overlooked in the past.

In October 2004, the Air Wing and the ANF conducted a joint air assault in Balochistan that netted 100 kilograms of heroin and 8 metric tons of poppy pods. The operation, which involved both INL-provided fixed-wing and rotary aircraft, featured noteworthy interagency cooperation in the areas of intelligence gathering, planning, logistic support, and command and control that bodes well for continued joint missions in the future. The ANF also conducted initial aerial poppy surveys with U.S.-supplied helicopters and is planning a series of such surveys during the 2004-2005 growing season. An ANF surveillance flight in May 2004 also identified large poppy fields in Balochistan. ANF and the Frontier Corps mounted an operation that successfully eradicated the poppy and made 12 arrests.

Law Enforcement Efforts. In 2004, the GOP appointed a Minister of Narcotics Control, whose leadership will be crucial for coordinating federal efforts in counternarcotics. The ANF is Pakistan's leading narcotics law enforcement agency. The ANF is operating at 83 percent of authorized strength, with 1,608 of 1,934 authorized personnel, but it expects to address staffing shortfalls with the addition of 114 army personnel by the end of 2004. The GOP is also considering restructuring plans that would almost double ANF's manpower to 3,100, including the addition of needed inspectors and constables. The U.S. has trained and equipped ANF's Special Investigative Cell (SIC), a vetted unit that was established in 2000 to target major trafficking organizations. The performance of the SIC—which now has 59 members, including 37 investigators—continued to improve. The SIC arrested 150 persons as of December 10, 2004—a 42-percent increase over 2003. The SIC also established an eight person unit in Quetta, the provincial capital of Balochistan, where they made eight seizures of morphine-base totaling over 5 metric tons (MT) in 2004. In the past four years, the SIC has conducted a number of joint operations with other national and international law enforcement agencies.

During 2004, GOP security forces reported seizing 24.7 metric tons of heroin (including morphine-based), 2.5 metric tons of opium, and 136 metric tons of hashish. Compared to 2003, overall hashish seizures increased by 55 percent. Overall 2004 heroin seizures by GOP agencies decreased by 27 percent compared to 2003 and varied in quality, although still represented a 178 percent increase over 2002. Additionally, ANF's heroin seizures increased this year by 72 percent from 4.7MT to 8.1MT. Overall GOP opium seizures decreased 53 percent compared to 2003. GOP interlocutors have attributed the decrease in opium seizures to traffickers changing routes and increased processing of opium in other countries, particularly Afghanistan. Even semi-refining of opium to morphine base decreases its weight by a factor of 10, thus facilitating profitable, detection-free trafficking.

In 2004, GOP authorities reported arresting 49,186 individuals on drug-related charges. Several long-running (some 10 years and more) cases in the Pakistani legal system proceeded against major drug traffickers in 2004. In the Sakhi Dost Jan Notezai case (in which the Balochistan High Court dismissed the convictions on two counts, reduced the sentence in a third, and reduced the fine), the Supreme Court of Pakistan admitted an appeal by ANF, issued warrants to arrest the accused, and directly instructed the Inspector General of Police in Balochistan to present them for further court hearings. In the case of Muhammad Asim Khurd, former Finance Minister of Balochistan, the ANF filed an appeal with the Appellate Shariat Court. The ANF also filed an appeal regarding the cases of Manawar Hussain Manj and expects a hearing soon. The appeal of Rahmat Shah Afridi, the editor of the Peshawar-based independent daily "The Frontier Post," is still pending. After a prolonged period of not having any available judges, the Special Narcotics Courts have resumed operations in Quetta and Karachi. Through November 30, 2004, the amount of drug traffickers' assets frozen stood at \$1.85 million and \$1.28 million in assets was forfeited.

While the narcotics courts have improved the processing of drug cases, only the major cases are tried there, and other prosecutions still languish in the system for years. Corruption in the judiciary is believed to be widespread. The ANF has made commendable efforts to address reversals of convictions by hiring its own special prosecutors, who have had admirable results despite limited resources, and by looking to add attorneys as part of its expansion.

Corruption. The United States has no evidence that the GOP or any of its senior officials encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. With government salaries low and societal and government corruption endemic, narcotics-related corruption cannot be ruled out. The government's National Accountability Bureau (NAB) has taken some important steps to address official corruption. As of November 12, 2004, the NAB had investigated 724 cases of corruption. Of the 454 decided cases, 357 were convictions and 62 acquittals. Through this process, the NAB recovered a total of over \$2.1 billion from politicians, businessmen, and civil servants found guilty in special accountability courts.

Agreements and Treaties. Pakistan is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances. The United States is providing counternarcotics and law enforcement assistance to Pakistan under a Letter of Agreement (LOA) that provides for cooperation in the areas of border security, opium poppy eradication, narcotics law enforcement, and drug demand reduction. Extradition is carried out under the terms of the 1931 U.S.-UK Extradition Treaty, which continued in force for Pakistan following its independence. In September 2004, an extradition request that had been pending since 2002 finally was concluded when the fugitive waived appeal of the extradition finding and Pakistani authorities extradited an individual wanted for kidnapping, rape, and attempted murder. However, lack of action on three pending extradition requests for drug-related cases and three non-narcotics cases continues to be of concern. Problems include inexperience of GOP public prosecutors, confusing legal provisions, permitting multiple appeals, and corruption in the court system. Pakistan has signed but has not yet ratified the UN Convention on Transnational Organized Crime.

Cultivation/Production. Through ground and aerial surveys, the NAS and GOP estimated that approximately 6,600 to 7,500 hectares of opium poppy were cultivated in Pakistan in 2004 (approximately 3,600 to 4,500 hectares in the NWFP/FATA and, according to ANF, approximately 3,000 hectares in Balochistan, although NAS could not verify the numbers due to security constraints). Taking into account ANF's reportedly high levels of eradication in Balochistan, NAS estimates a total harvested crop nationwide of some 3,100 hectares, about the same level as 2003. Eradication efforts in certain areas were hindered by ongoing counterterrorist operations. The great majority of poppy in NWFP/FATA was cultivated in the traditional growing area of Khyber Agency in the FATA (approximately 2,000 hectares)—although 800 hectares of that crop were damaged by insects, disease and drought in the Bara Valley. Kohistan and Kala Dhaka Districts in NWFP saw the next largest, cultivation figures of about 1,000 hectares and 600 hectares respectively. Some argue that the increase in cultivation in Kohistan and Kala Dhaka was statistical in nature, and due more to substantially improved GOP monitoring in those areas in 2004 than to actual increases in cultivation over previous years. Cultivation was almost completely contained in 2004 in the “nontraditional” areas in which significant cultivation occurred in 2003 (Orakzai, Kurram, and North Waziristan (no estimates for South Waziristan are available due to ongoing counterterrorism operations). In Balochistan, ANF reported that the greatest amounts were grown in Qilla Abdullah, Jhal Magsi, and Khuzdar. Based on the estimate of 3,100 hectares of harvested crop in 2004 and the GOP calculation of about 25 kilograms of opium produced per hectare, potential opium production was approximately 70 metric tons.

Drug Flow/Transit. Afghan-origin hashish and opiates transit through Pakistan. Afghanistan opium poppy cultivation has skyrocketed since 2001, and due in part to the post-Taliban spike in cultivation across the border, Pakistan's importance as a transit country has increased, particularly as a conduit to Turkey, by land, and Iran, by land and sea. Afghan opiates trafficked to Europe and North America enter Pakistan's Balochistan and NWFP provinces and exit either through Iran or Pakistan's Makran coast, or through international airports located in Pakistan's major cities. The ANF reports that drugs are being smuggled in the cargo holds of dhows to Yemen, Oman, and United Arab Emirates via the Arabian Sea. Traffickers also transit land routes from Balochistan to Iran and from the tribal agencies of NWFP to Chitral, where they re-enter Afghanistan at Badakhshan province for transit through Central Asia. Convoys in Balochistan generally comprise two to three vehicles with well-armed guards, and use scouts for early warning. The ANF's SIC also observed in 2004 drugs being trafficked from Balochistan to Karachi through concealment in vehicles, rather than in convoys. According to DEA, Pakistani traffickers are also an important source of financing to the poor farmers of Afghanistan who otherwise would not be able to produce opium.

Available evidence indicates that traffickers are transporting smaller quantities of drugs in an attempt to reduce the size of seizures and protect their investment. This “shotgun” approach has increased the

number of transporters who move smaller loads; the seizures of 100-kilo shipments of several years ago have been replaced by seized shipments of 20-100 kilos, at most. The ANF also believes that traffickers are frequently changing routes and concealment methods to avoid detection.

Pakistan is a major consumer of Afghan heroin, although the majority of the heroin smuggled out of Southwest Asia through Pakistan continues to go to the European market, including Russia and Eastern Europe. The balance goes to the Western Hemisphere and to Southeast Asia where it appears to supplement shortfalls in opiates in that region. The ANF has observed that West African traffickers are using more Central Asian, European, and Pakistani nationals as carriers in addition to Africans. Couriers intercepted in Pakistan were en route to Africa, Nepal, India, Europe, Thailand, Bangladesh, Sri Lanka, and the Middle East (especially United Arab Emirates). Methods of shipment include via hard-side luggage; strapped to the body and concealed from drug sniffing dogs with special sprays; or inside legal objects (such as cell phone batteries). The ANF reports that the use of the postal service has increased for exporting small quantities of heroin abroad. In 2004, the SIC also observed the trend of heroin being heated and rolled into thin sheets and laminated between layers of corrugated cardboard to be used as packaging material for exported goods.

Domestic Programs (Demand Reduction). The GOP has expressed concern about increasing drug abuse in Pakistan, especially in the FATA, where lack of economic opportunity and physical isolation create the conditions in which addiction thrives. Reliable data are hard to obtain, but based on a 2000 National Assessment Study on Drug Abuse in Pakistan, the GOP estimates that there are some four million users, with approximately 500,000 heroin addicts. Users are increasingly injecting narcotics—which has raised the concern that HIV infection rates may rise as well. The GOP views addicts as victims, not criminals. In 2004, the ANF began a number of demand reduction programs, including a series of UNODC- and USG-funded demand reduction workshops on raising awareness of district officials in the four provinces and on the role of women in drug abuse. Other programs include financial support of NGOs involved in treatment and rehabilitation of drug addicts; establishment of two model addiction and rehabilitation centers in Islamabad and Quetta; a study on drug addiction in women; training for the staff of sixteen treatment and rehabilitation centers in Pakistan with the help of UNODC; and creation of youth groups to prevent drug abuse through organized alternative activities. Mass awareness activities continue in media and schools. While the GOP has the political will to do more, it lacks the resources.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. counternarcotics policy objectives in 2004 were: to continue to help the GOP strengthen the security of its borders against drug trafficking and terrorism; to urge the GOP to expand regional cooperation; to encourage the GOP to reduce opium poppy cultivation, eliminate remaining opium poppy cultivation, and inhibit any spread of cultivation; to increase interdiction of opiates from Afghanistan; to help dismantle major trafficking organizations; to expand demand reduction efforts; to enhance cooperation regarding the extradition of narcotics fugitives; to encourage enactment of comprehensive money laundering legislation; to press for reform of law enforcement institutions; and to encourage cooperation and coordination among GOP agencies with counternarcotics responsibilities.

Bilateral Cooperation. Through the State Department-funded Counternarcotics Program and Border Security Projects, the United States provides operational and commodity assistance to ANF, as well as funding for demand reduction activities and training. The State Department also funds alternative crop, small-scale development, and road building projects in Bajaur, Mohmand, and Khyber Agencies of the FATA. The roads, which open up inaccessible areas, allow forces to eradicate poppy crops, while facilitating farm-to-market access for legitimate crops. The U.S. also funds Narcotics Control Cells in both the Home Department NWFP and the FATA Secretariat to help coordinate

counternarcotics efforts in the province and tribal areas. In addition, the USG provided commodity assistance to Frontier Corps NWFP and Balochistan, who perform counternarcotics missions along the border. The State Department-supported MOI Air Wing program will provide significant benefits to counternarcotics efforts as well, while advancing its primary counterterrorism goal.

The DEA provides operational assistance and advice to ANF's SIC. The ANF continues to cooperate effectively with DEA to raise investigative standards. New investigative equipment, vehicles, and surveillance motorcycles were provided this year. The unit continues to perform work throughout Pakistan, and their DEA-supported expansion began, including the equipping of a new facility and ongoing training.

The Road Ahead. Even with the provision of air and ground mobility and communications capacity through the border security program, the GOP will face an immense challenge in the coming year to interdict the increasing supply of drugs from Afghanistan. The GOP will need to work with the U.S. to develop a strategy to utilize new resources wisely, increase the coordination among the agencies that have counternarcotics responsibilities, and put training to best use. In coordination with the border security program, the U.S. will work with the GOP to put greater emphasis on the development of drug intelligence as it directly relates to trans-border trafficking activity and to target kingpin smuggling operations. Continued efforts to streamline and reform law enforcement, to investigate and prosecute corruption, and to speed up the pace of the counternarcotics judicial process will also be key to greater success against the drug trade in the future. The United States will continue to work with the GOP to expedite extradition requests and to strengthen Pakistan's ability to attack money laundering, particularly by encouraging the passage of money laundering legislation that meets both UN and Financial Action Task Force standards.

Sri Lanka

I. Summary

Sri Lanka has a relatively small-scale drug problem. The Government of Sri Lanka (GSL) remains committed to targeting drug traffickers and implementing nation-wide demand reduction programs. In 2004, the U.S. government strengthened its relationship with Sri Lanka on counternarcotics issues by offering training and seminars for the Sri Lanka Police. A comparatively relaxed security environment as a result of the 2002 ceasefire agreement between the GSL and the Liberation Tigers of Tamil Eelam (LTTE) has opened a new overland drug trafficking route that officials are taking active measures to police and monitor. Although Sri Lanka has signed the 1988 UN Drug Convention, Parliament had not enacted implementing legislation for the convention as of the end of 2004.

II. Status of Country

Sri Lanka is not a significant producer of narcotics or precursor chemicals. GSL officials continue to raise internal awareness of and vigilance against efforts by drug traffickers attempting to use Sri Lanka as a transit point for illicit drug smuggling. Domestically, officials are addressing a modest drug problem, consisting of heroin, cannabis, and increasingly, Ecstasy.

III. Country Actions Against Drugs in 2004

Policy Initiatives. In 2004, Sri Lanka made progress in further implementing its counternarcotics strategy, developed in 1994. The lead agency for counternarcotics efforts, the Police Narcotics Bureau (PNB), is headquartered in the capital city of Colombo. The new government, elected in April 2004, has not initiated, to date, any policy changes with respect to counternarcotics activities. The GSL remains committed to on-going efforts to curb illicit drug use and trafficking.

Accomplishments. The PNB and Excise Department worked closely to target cannabis producers and dealers, resulting in several successful arrests. The PNB warmly welcomed and was an active partner in taking full advantage of U.S.-sponsored training for criminal investigative techniques and management practices.

Sri Lanka continued to work with South Asian Association for Regional Cooperation (SAARC) and the United Nations Office of Drugs and Crime (UNODC) on regional narcotics issues. SAARC countries met in Maldives in early 2004 and agreed to establish an interactive website for the SAARC Drug Offense Monitoring Desk, located in Colombo, for all countries to input, share, and review regional narcotics statistics. GSL officials maintain continuous contact with counterparts in India and Pakistan, origin countries for the majority of drugs in Sri Lanka.

Law Enforcement Efforts. The PNB continued close inter-agency cooperation with the Customs Service, the Department of Excise and the Sri Lankan Police to curtail the illicit drug supply lines and local drug dealers and users. As a result of these efforts, GSL officials arrested nearly 2,674 heroin dealers and drug dealers and more than 2,135 cannabis dealers during the first six months of this year. The largest heroin haul for the year, to date, has been 17 kilograms, valued locally at around \$390,000. Law enforcement agencies throughout 2004 made a number of other small-scale seizures of heroin and other drugs. In addition, in response to the slowly increasing Ecstasy usage in upscale venues in Colombo, the PNB made the first two ever Ecstasy-related drug arrests in 2004.

Apart from its Colombo headquarters, the PNB has one sub-unit at the Bandaranaike International Airport near Colombo, complete with operational personnel and a team of narcotics-detecting dogs.

Greater vigilance by PNB officers assigned to the airport sub-station led to increased arrests and narcotics seizures from alleged drug smugglers. During the year, the PNB began the process of establishing additional sub-stations. The next two substations, at the international port in Colombo and the northwest coastal town of Mannar, will be operational shortly. Future sub-stations will also be located in cannabis-growing regions.

Corruption. A government commission, established to investigate bribery and corruption charges against public officials, temporarily resumed operations in 2004. In May 2004, the Judicial Services Commission suspended a Colombo high court judge for granting bail to alleged drug traffickers. Police arrested a leading alleged drug kingpin in connection with the November 2004 murder of a widely respected judge. At the time of this alleged dealer's arrest and questioning, subsequent information revealed that numerous police officers allegedly helped facilitate this individual's illegal activities. In response, the Inspector General of Police, the most senior ranking police official, ordered a complete investigation into any involvement by police officers. The investigation was on-going at year's end.

Agreements and Treaties. Sri Lanka is a party to the 1988 UN Drug Convention and the 1990 SAARC Convention on Narcotic Drugs and Psychotropic Substances. Implementing legislation for both conventions had not reached Parliament by year's end. The Attorney General's office has reviewed both pieces of legislation and anticipates submitting implementing legislation to Parliament in early 2005. Sri Lanka is also a party to the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Sri Lanka has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime, and is a party to the UN Convention Against Corruption. An extradition treaty is in force between the U.S. and Sri Lanka.

Cultivation/Production. Small quantities of cannabis are cultivated and used locally. There is little indication that this illicit drug is exported. The majority of the production occurs in the southeast jungles of Sri Lanka. PNB and Excise Department officials work together to locate and eradicate cannabis crops.

Drug Flow/Transit. Some of the heroin entering Sri Lanka is solely for transshipment purposes. With the opening of the northwestern coastal waters in the advent of the ceasefire between the GSL and the LTTE, narcotics traffickers have taken advantage of the short distance across the Palk Strait to transit drugs from India to Sri Lanka. According to police officials, drugs are mainly transported across the strait and then overland to the south. The PNB is attempting to control the area better with the upcoming opening of a sub-station in this region. With no coast guard, however, Sri Lanka's coast remains highly vulnerable to transshipment of heroin moving from India.

Police officials state that the international airport is the second major entry point for the transshipment of illegal narcotics through Sri Lanka. There is no evidence to date that synthetic drugs are manufactured in Sri Lanka. Police note that the Ecstasy found in Colombo social venues is likely trafficked from Thailand.

Domestic Programs (Demand Reduction). The National Dangerous Drugs Control Board (NDDCB) began establishing task forces in each regional province to focus on the issue of drug awareness and rehabilitation at the community level. Each task force works with the existing municipal structure, bringing together officials from the police, prisons, social services, health, education, and NGO sectors. For the first time in 2004, NDDCB officials visited the war-affected north and east provinces to assess the local situation and investigate the possibility of establishing treatment centers in those regions. The GSL continued its support, including financial, of local NGOs conducting demand reduction and drug awareness campaigns. The Sri Lanka Anti Narcotics Association in collaboration with PNB and the Colombo City Traffic Police organized a "Run Against Drug Abuse" in June 2004. The Colombo Plan Drug Advisory Program, a regional organization, pledged its assistance to the government and non-government agencies in their efforts to combat illicit drugs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG remained committed to helping GSL officials develop increased capacity and cooperation for counternarcotics issues. The USG also continued its support of the regional Colombo Plan Drug Advisory Program, which conducts regional and country-specific training seminars, fostering communication and cooperation throughout Asia.

Bilateral Cooperation. In 2004, the USG began implementing, primarily with the PNB, a law enforcement development program. Over 200 officers throughout the police force participated in training seminars. Pursuant to bilateral letters of agreement between the USG and the GSL, the Sri Lanka police are fulfilling their obligations. USG-trained Sri Lanka police are replicating the seminars and scheduling training for colleagues of the original police trainees at the training academies and stations throughout the island. Regional U.S. government officials, primarily DEA, conducted narcotics officer training for their local counterparts in seminar, organized by the Colombo Plan.

Road Ahead. The U.S. government intends to maintain its commitment to aiding the Sri Lanka police to transition from a paramilitary force to a community-focused one. This will be accomplished with additional assistance for training and continued dialogue between U.S. counternarcotics related agencies and their Sri Lankan counterparts. The U.S. also expects to continue its support of the Colombo Plan. The major tsunami, which hit Sri Lanka so tragically hard at the end of 2004, will command a good deal of government attention as initial relief efforts move into longer-term reconstruction.

